

The President's Daily Brief

November 23, 1976

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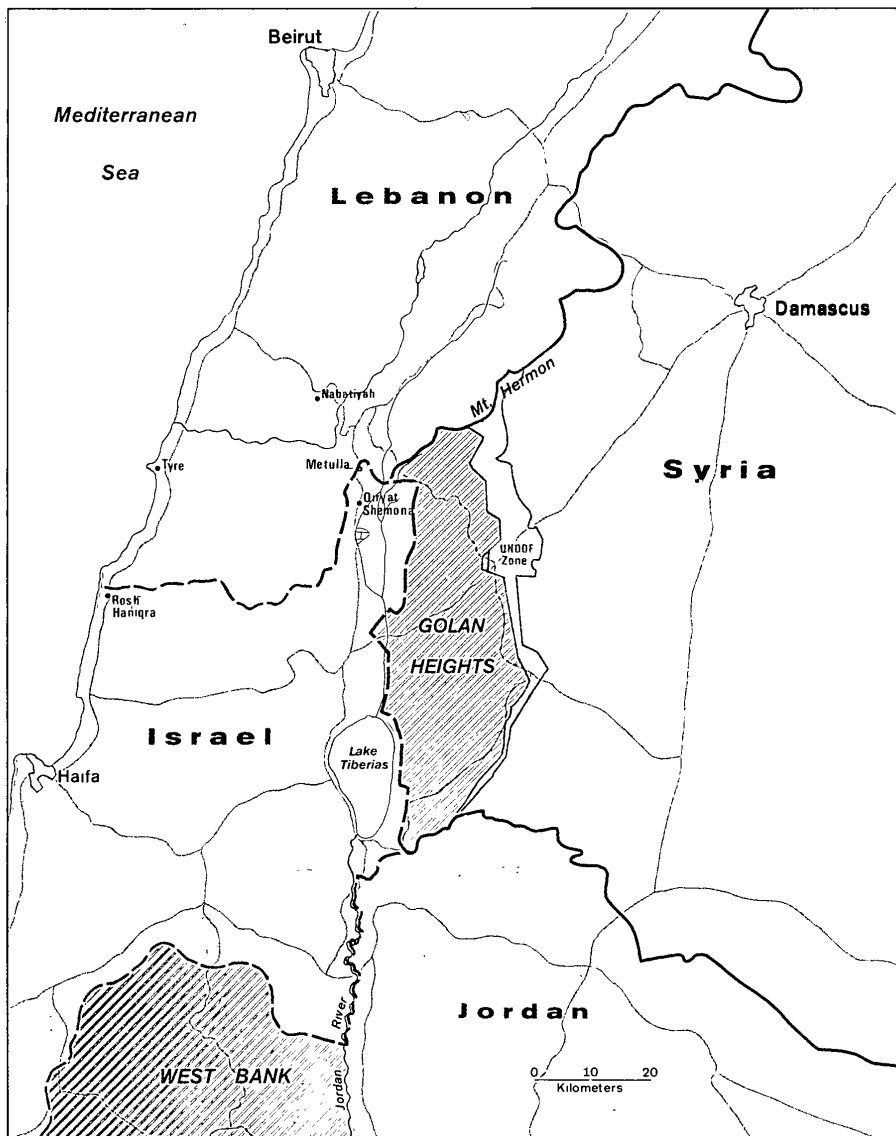
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Greece-Turkey: The Greeks and Turks claim that their recently concluded talks on the Aegean continental shelf have set the stage for serious substantive negotiations; any follow-up talks, however, are likely to be intermittent and protracted. (Page 2)

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At Annex, we look at the post-Lebanon status of the Palestinians.

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ISRAEL-LEBANON: 



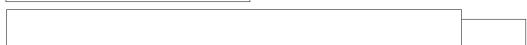
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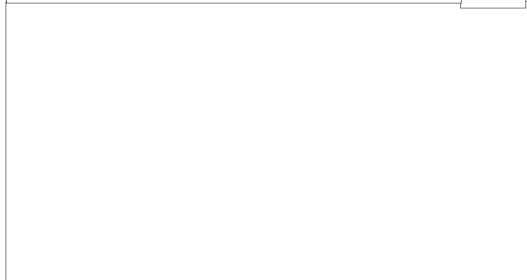
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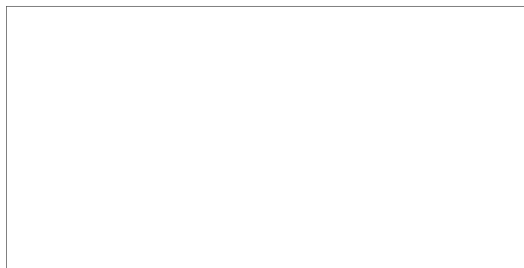
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GREECE-TURKEY: *The Greeks and Turks claim that their recently concluded talks in Bern on the Aegean continental shelf have set the stage for serious substantive negotiations in the coming months. Any follow-up negotiations, however, are likely to be intermittent and protracted.*

A committee of experts, which is to be established, will work in secret on the question of delimitation of the shelf. Each government has contacted at least one country that has been involved in a similar dispute.

According to a communique issued in Bern, the two countries have also agreed not to take any actions in the Aegean that could disrupt the talks and not to try to discredit each other in their bilateral relations with other states. In practical terms, this apparently means that the Turks agreed not to engage in oil exploration in contested waters and the Greeks undertook not to lobby in the US and in Western Europe against Turkey.

Although the agreement offers considerable scope for differing interpretations, both governments seem content for the time being to limit their jockeying and to seek some narrowing of their differences.

This was also clear in the talks on Aegean airspace that were held in Paris simultaneously with those in Bern. The two sides agreed to set up a hot line connecting the Greek and Turkish air defense command centers, and they moved closer to agreement on the

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question of advance notification
for military flights--the major
stumbling block in the talks.

The main airspace issue now is
the question of the boundaries
of the zone within which flights
must be announced in advance.
This will doubtless be taken up
in the next round of talks on
the subject.

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NOTES

Iraq has withdrawn a division from its border with Syria.

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[REDACTED] at least one division returned to its home garrison following large-scale exercises held near the border in early November.

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The withdrawal of a division would leave about 40,000 troops in western Iraq--down from some 80,000 in July. Iraq would have one armored division in the west, another armored division along the Euphrates, and a mountain infantry division in the northwest.

The Iraqis have scheduled training in the near future and may use this as a cover for additional withdrawals.

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The status of Chinese Foreign Minister Chiao Kuan-hua seems to be in question.

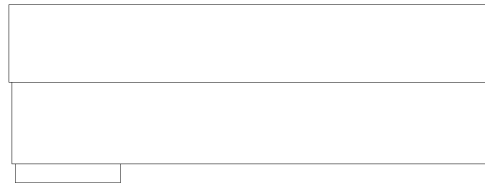
Rumors are circulating in China and in Chinese missions abroad that Chiao will be removed as foreign minister. He last appeared in public on November 11 and since that time has missed two important visits at which he would normally be present.

Chiao's political difficulties--if indeed they exist--would seem to be related to domestic issues and not to his conduct of foreign policy.

There is no reason to believe that Chiao was linked to the four leftists now under attack. By most accounts, he gets along well with new party Chairman Hua Kuo-feng.

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Mexico yesterday temporarily suspended the sale and purchase of all foreign currencies and gold coins by banks as the result of massive capital flight in recent days.

The capital flight was caused, in turn, by declining confidence in the private business sector, recent coup rumors, and President Echeverria's abrupt expropriation last Friday of about 250,000 acres of rich farm land.

The expropriation will pose a serious problem for President-elect Lopez Portillo, who takes office on December 1. He has indicated that he will try to avoid division of land holdings because it creates uneconomic units that hinder agricultural production. Business and conservative interests will urge Lopez Portillo to rescind the decision, but he will find this difficult to do because of strong pressures from peasant groups.

* * *

The Soviet economic aid package to Poland--agreed upon during Polish party leader Gierek's visit to Moscow--includes resumption of grain deliveries, shipments of raw materials above planned levels, and increased deliveries of consumer goods.

The package reportedly also includes a low-interest 1-million ruble loan, worth \$1.3 billion at the current exchange rate, but this is still unconfirmed. If the credit materializes, it probably would be used to finance increased imports of machinery, raw materials, and possibly grain. It also would allow Poland to divert some of its exports to markets other than the USSR.

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The resumption of Soviet grain deliveries and increased shipments of raw materials will allow Poland to curb further the growth of its hard-currency imports in 1977. Poland reportedly will receive shipments of oil next year at this year's prices.

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Jamaican Prime Minister
Manley's People's Na-
tional Party and the
opposition Jamaica La-
bor Party appear to be
running nearly even in
their campaign for gen-
eral elections that
will be held on Decem-
ber 15.

The Labor Party has been campaigning hard for several months. The elections will be held under a state of emergency, and Manley can be expected to use the broad powers granted him to intimidate the opposition and even to carry out massive arrests if he deems it necessary to ensure his re-election.

Manley has been stressing the theme of "national unity against imperialism," and may increase his attacks on the US.

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THE PALESTINIANS AFTER LEBANON

Yasir Arafat's recent indication to Saudi Arabian officials that the Palestine Liberation Organization is willing to negotiate a settlement with Israel is a measure of how closely the Palestinians' defeat in Lebanon has forced Arafat to align himself with the key Arab states interested in a settlement. He needs their support for his continued tenure as PLO chief.

Arafat will find it increasingly difficult to preserve the PLO's independence and he will now have to emphasize the pursuit of a more purely political strategy to secure both his position and the goals of the Palestinian moderates. The alternative--a return to terrorism--would alienate his Arab backers and could cost him his position.

The Palestinians gravely miscalculated when they took sides in Lebanon's civil war. They have been dealt a decisive military defeat by the Syrians, previously their staunchest allies.

The movement has also lost most of the political standing it won at the 1974 Rabat summit, when the PLO was formally designated the sole representative of the Palestinians at the expense of King Husayn.

A look at the post-Lebanon status of the Palestinians suggests that:

--The PLO will be unable to challenge Syria for the foreseeable future, either in Lebanon or in broader Middle Eastern affairs.

--Arafat will do his best to play other Arab states off against Syria in order to salvage a sphere of autonomy. His success will be limited because with the exception of the mavericks--Iraq and Libya--the Arab states have become convinced that a free-wheeling Palestinian movement is a threat.

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--Arafat is likely to retain his position as head of the PLO and spokesman for the Palestinian movement. He probably will remain willing and able to commit the main body of the PLO to peace negotiations if he becomes convinced he can make concrete gains.

--Syria's domination of the PLO, control of Lebanon, and closer ties with Jordan will give it a strong hand in the event of renewed Middle East negotiations.

--The PLO probably would be willing, if invited, to participate in a new round of peace talks as part of a joint Arab or mixed Syrian-Jordanian-Palestinian delegation.

--The PLO almost certainly is prepared to recognize Israel in return for the creation of an independent "Palestine" made up of the West Bank and Gaza.

--Fedayeen leaders are under increasing pressure from their militant followers to turn again to terrorism to redress their grievances against the Arab states as well as Israel. This pressure will grow more intense if the Palestinians--involved in negotiations or not--realize no diplomatic gains.

Syrian-Palestinian Accommodation

Arafat--and his moderate followers in Fatah and the PLO--had come to recognize months before the Riyadh summit that accommodation with Syria was the only way to go. It was clear by the end of the summer that prolongation of the fighting would simply drain the Palestinians.

At the Riyadh summit in October, Arafat committed the Palestinians to a withdrawal from the few military positions they retained--even if this meant an open breach with the Lebanese leftists--and a

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return to the refugee camps under the terms of the Cairo accords. He dropped the Palestinians' insistence on a mutual Syrian withdrawal, and agreed to accept, as guarantor of the peace, a pan-Arab security force that, in reality, consisted overwhelmingly of Syrian troops.

Arafat will continue to maneuver against Syria to the extent he can, but he will be very careful to preserve his accommodation with President Asad. The Palestinian movement survived the loss of Jordan as a base of operations, but it needs, at a minimum, a physical presence in Lebanon if it is to retain any credibility as an independent force against Israel.

The Palestinians in Lebanon

Arafat knows, of course, that Syria would not now allow the fedayeen to mount unrestricted terrorist attacks across the Lebanon-Israel border, even if the fedayeen were able and Israel vulnerable. But he also knows that it is not in Syria's interest to destroy the effectiveness of the fedayeen altogether, and probably hopes Asad will permit an occasional terrorist action to remind Israel that this weapon is still available to the Arabs.

A Syria facing Israel over the negotiating table needs whatever leverage it can get, and the threat of renewed fedayeen activity--strictly controlled by Damascus--is useful to Asad.

Arafat is probably willing to abide by the Cairo accords--Lebanese-Palestinian agreements signed in 1969 and 1973. These guarantee the fedayeen almost free run of the refugee camps and their commando bases in the east and south

Arafat will not give up trying to win for the Palestinians some kind of political role in Lebanon. There are half a million Palestinians in Lebanon, a quarter of the country's population. A sizable proportion live outside the refugee camps. It would not be feasible to isolate them from the country's political life, particularly because

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they are the natural allies of the segment of the political system that has been denied the political and economic privileges enjoyed by the Christian and Sunni Muslim elite.

It was the system's inability to absorb the Palestinian presence that pushed Lebanon into civil war in the first place. Without somewhere else for the Palestinians to go--and there is nowhere else in the absence of some kind of Middle East settlement--they will continue to play a role in Lebanon.

Arafat hopes Asad will come to see that a Fatah allied with Damascus can promote Syria's interests in Lebanon and in the fedayeen movement better than a Syrian-controlled group like Saiqa that has little political or military strength.

West Bank Palestinians

The principal Arab states as well as Israel have made modest efforts to enhance the influence of Palestinians from the West Bank and Gaza within or outside the PLO as a way of diluting or eliminating Arafat's control of the Palestinian movement. Several members of the PLO executive committee are of West Bank background, and one, Abd al-Muhsin Abu Mayzar, has been bruited as a possible successor to Arafat.

The West Bankers now on the executive committee, however, are of varied political outlook, and they all owe their positions to Arafat.

Anti-Arafat maneuvers seem to have little support among West Bank residents. West Bankers support the PLO as the only genuine Palestinian organization now in existence, and they see Arafat as the symbol of the Palestinian cause. They regard the PLO as the only group dedicated to ending the Israeli occupation. The Arab states, in the West Bank view, are cynically using the Palestinians as pawns to further their own interests.

Inhabitants of the West Bank probably would take a more active interest in their own political future should the existence of some kind of West Bank

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state, independent or semi-autonomous, seem likely in the near future. In the absence of such a development, West Bank leaders seem inclined to support Arafat passively, while minimizing their cooperation with Israeli authorities.

The Palestinians and Peace Talks

The moderates who control the PLO probably are prepared to drop their declared objective of settling for nothing less than an independent secular state with Israel proper at its heart. The basic PLO aim appears to be the creation of a PLO-governed, independent Palestine made up of the West Bank and Gaza. Arafat and the present leadership will not, however, play their only strong card in advance by recognizing Israel before peace talks begin.

If a compromise were reached giving the Palestinians a West Bank state, a significant body of fedayeen opinion--the "rejectionist" groups and perhaps the extremist members of Fatah--would presumably refuse to adhere to the settlement and would commit themselves to continued guerrilla warfare against Israel. They would assume that the new West Bank state of Palestine would give them safehaven. The rejectionists, frustrated, probably would turn as well to international terrorism.

A Palestinian leader other than Arafat would have even more difficulty than he in reaching compromises in negotiations. Although a Syrian-backed successor presumably would be more moderate than Arafat, most of the leading Fatah contenders favor tougher tactics in dealing with Israel. In addition, none of them has Arafat's prestige or ability to sell a controversial settlement to his followers without making it appear to be an abandonment of the Palestinian cause.

With Arafat in control, however, the near-term outlook is somewhat more encouraging: the PLO has been chastened by its defeat in Lebanon, but is still able to project enough credibility to make conciliation possible.

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